

Master Settlement Agreement

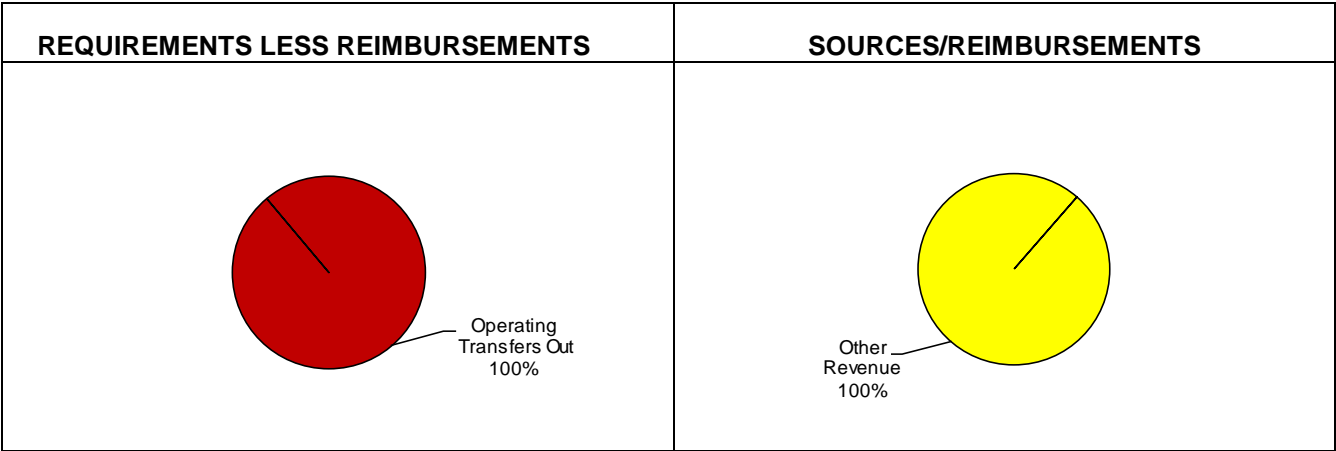
DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998, a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

Budget at a Glance	
Requirements Less Reimbursements	\$17,000,000
Sources/Reimbursements	\$17,783,935
Use of/ (Contribution to) Fund Balance**	(\$783,935)
Total Staff	0

A majority of the County's total proceeds are used each year to fund a portion of the Arrowhead Regional Medical Center (ARMC) debt.

2015-16 RECOMMENDED BUDGET



** Contribution to Fund Balance appears as a negative number and increases Available Reserves.



ANALYSIS OF 2015-16 RECOMMENDED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: Master Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	0	0	0
Operating Transfers Out	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Total Requirements	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	18,134,168	27,311,849	17,994,676	17,813,880	17,508,893	17,783,935	275,042
Total Revenue	18,134,168	27,311,849	17,994,676	17,813,880	17,508,893	17,783,935	275,042
Operating Transfers In	3,146,181	10,611	0	0	0	0	0
Total Financing Sources	21,280,349	27,322,460	17,994,676	17,813,880	17,508,893	17,783,935	275,042
Fund Balance							
Use of / (Contribution to) Fund Balance**	(4,280,349)	(10,322,460)	(994,676)	(813,880)	(508,893)	(783,935)	(275,042)
Available Reserves					21,958,405	23,047,327	1,088,922
Total Fund Balance					21,449,512	22,263,392	813,880
Budgeted Staffing*	0	0	0	0	0	0	0

*Data represents modified budgeted staffing

** Contribution to Fund Balance appears as a negative number and increases Available Reserves.

MAJOR EXPENDITURES AND REVENUE IN 2015-16 RECOMMENDED BUDGET

Operating transfers out of \$17.0 million reflect a transfer to the General Fund used to fund the Net County Cost within the Health Administration budget unit and to offset increased health care costs within the Department of Public Health. Health Administration uses that Net County Cost to fund the \$4.3 million local match requirement for 1991 Health Realignment and \$10.7 million of net debt service (lease payment) for ARMC.

Other revenue of \$17.8 million reflects anticipated revenue from the major tobacco companies pursuant to the Master Settlement Agreement.

BUDGET CHANGES AND OPERATIONAL IMPACT

Sources from the Master Settlement Agreement have been budgeted conservatively based on average receipts over the last four years excluding extraordinary revenue. Revenues have remained stable over the past four years with the exception of the approximate \$9.8 million of extraordinary revenue received in 2012-13 for a Non-Participating Manufacturers (NPM) Adjustment settlement payment.

ANALYSIS OF FUND BALANCE

Fund balance is expected to increase by \$783,935 based on the continued trend of revenues exceeding the base expenditure. It is anticipated a recommendation is forthcoming for the use of available fund balance for the construction of jail medical facilities on the ARMC campus.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

